

# VA Long-Term Care at the Crossroads

Without question, long-term care is a major strength and a crucial component of the U.S. Department of Veterans Affairs' (VA) healthcare system. VA long-term care is nationally respected and provides high quality services.

VA has pioneered significant innovations in caring for chronically ill, elderly, and disabled veterans. These ventures have ranged from interdisciplinary team training in geriatrics to specialized care for the chronically mentally ill in VA nursing homes to introducing medical care in VA's Home Based Primary Care Program. VA also supports Geriatric Evaluation and Management programs and the largest program of geriatric medicine training in the U.S. This program has served as an incubator for the development of national leaders in academic geriatrics and health services research in long-term care.

Many veterans who use VA for their healthcare need post-acute and long-term care services. Few systems offer the continuum of services—ranging from acute care to support services in the home—that VA offers.

Despite its high quality and long tradition, VA long-term care is marginalized and unevenly funded.

## The Rising Tide of Demand

Demand for post-acute and long-term care services in the veteran population is increasing, at least for the next decade. The number of veterans needing long-term care services is predicted to grow by 13 percent over the next five years. The 1996 Eligibility Reform Act enhanced access to many services, including home health care, but did not change nursing home eligibility, which remains limited. Over time, the reforms will create greater disparities in

## Redefining An Outmoded Organization

Although VA's healthcare system has undergone a dramatic reorganization, the focus has been on downsizing the hospital sector while enhancing primary care through outpatient services. In addition, due to inadequate comparisons, some network managers believe the Special Care funding rate for long-term care patients does not cover costs, leading them to downsize their long-term care services. Long-term care now requires priority attention in the "new VA."

VA's long-term care system developed incrementally in the 1970s and early 1980s. Nursing home care remains its primary emphasis, while home- and community-based care is underdeveloped. In addition, long-term care programs are not fully integrated into the healthcare system at many VA facilities. Despite a continuum of offerings, services are not available universally and access often is restricted. Many facilities do not have mechanisms for coordinating long-term care services, relying on episodic admissions to individual programs. Long-term care is largely viewed as an adjunct rather than an integral part of the healthcare system. VA long-term care services must be remodeled to effectively deliver needed services.

## What Does The Future Hold?

In examining the future of its long-term care system, VA has three realistic options. Each would require a shift in emphasis from nursing home care to home- and community-based care. The Committee considered additional options, such as providing all long-term care services through VA-operated programs, or referring all long-term care to other payors. The former was rejected because of the significant budget resources required; the latter because of VA's responsibility to patient care needs.

[REDACTED]

In this scenario, VA would modify its commitment to long-term care, downsizing its own system and, over time, providing all services through contracts.

**Advantages**

- No added capital investment
- Takes advantage of local markets for long-term care
- Less expensive in the short-term

**Disadvantages**

- VA subject to changes in local market
- Downsized strongest element of VA care
- Risks change in VA identity from provider to payor
- Limits veteran preferences

[REDACTED]

Under this option, VA would maintain, invigorate, and re-engineer the core of VA-operated services. New demand for long-term care would be met primarily through non-institutional services, contracts, and available State Veterans Homes. Affected long-term care programs would be enhanced by increasing accountability and incentives for network directors.

**Advantages**

- No major capital investment
- Takes advantage of local markets for long-term care
- Maintains core of VA-operated services
- Less expensive over time

**Disadvantages**

- VA subject to changes in local markets
- Limits veteran preferences

[REDACTED]

Under this scenario, VA would continue its present course of ad hoc provision of services with no new major investment.

**Advantages**

- No added investment
- Expenditures decrease over time

**Disadvantages**

- Loss of VA expertise overtime
- Leads eventually to complete out-sourcing, given current trends
- Continues uneven funding and access

**The Committee's Conclusion**

The Committee concluded that VA should maintain, invigorate, and re-engineer the core of VA-operated services. New demand for long-term care should be met primarily through non-institutional services and contracts. The Committee also believes that affected long-term care programs would be substantially enhanced through the development of meaningful incentives for network managers.

Without changes to the system, VA is at risk of eventually dismantling its long-term care system. Despite high quality and continued need, long-term care is perceived to be an adjunct entity, unevenly funded and undervalued. Continued neglect of the long-term care system will lead to further marginalization and disintegration, and have costly, unintended consequences throughout the VA healthcare system. VA is not prepared to address increased demand for long-term care or needed efficiencies within current services. To develop stronger long-term care services, VA must commit to allocating a larger portion of its budget to long-term care, shifting most new demand from VA-provided to VA-contracted services, developing more integrated home- and community-based care, implementing a series of strong performance goals for management, and providing services more fairly across the system.

Therefore, the Federal Advisory Committee on the Future of VA Long-Term Care endorses the principles of Option 2.